

## Message Text

CONFIDENTIAL

PAGE 01 PRAGUE 02449 081540Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----016637 081548Z /44  
O 081459Z SEP 78  
FM AMEMBASSY PRAGUE  
TO SECSTATE WASHDC IMMEDIATE 6182

C O N F I D E N T I A L PRAGUE 2449

EXDIS  
FOR ASSISTANT SECRETARY VEST FROM AMBASSADOR BYRNE

E.O. 11652: GDS  
TAGS: PFOR, CZ  
SUBJECT: CLAIMS/GOLD

1. HERE ARE MY PROMISED COMMENTS ON UP-DATED CLAIMS/  
GOLD PROPOSAL.
2. AFTER CONSIDERABLE STUDY OF THE PRESENT DRAFT, I  
CONTINUE TO ENDORSE THE OVERALL NEGOTIATING STRATEGY  
SET FORTH IN IT AND THE SPECIFIC FIGURES INVOLVED IN OUR  
OBJECTIVE OF A 50 PER CENT SETTLEMENT. IN REOPENING  
NEGOTIATIONS WITH GOC BY ASKING FOR A \$40 MILLION SETTLEMENT,  
WE MUST ANTICIPATE THAT INITIAL REACTION IN PRAGUE WILL  
LIKELY BE HIGHLY NEGAIVE. IT MIGHT ALSO TAKE SOME TIME  
BEFORE GOC MAKES A COUNTER OFFER. IT WILL IN FACT BE  
EXTREMELY DIFFICULT TO RAISE THE FINAL SETTLEMENT TO 50  
PER CENT.
3. ON THE OTHER HAND, SINCE 50 PER CENT APPEARS TO BE THE  
MINIMAL ACCEPTABLE FIGURE EVEN TO THOSE ATTEMPTING TO  
BE HELPFUL TO CZECHOSLOVAKIA IN THE CONGRESS, I THINK  
WE SHOULD NOT TAKE LIGHTLY THE PROSPECT THAT SERIOUS  
PRESSURES MAY DEVELOP ON CAPITOL HILL FOR VVESTING THE  
GOLD SHOULD GOC SUMMARILY REJECT A U.S. PROPOSAL.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PRAGUE 02449 081540Z

I PERSONALLY WOULD NOT RULE OUT WB EVENTUAL CONGRESSIONAL  
DECISION TO VEST THE GOLD. NONETHELESS, I BELIEVE THE  
SUBSTANCE OF OUR CURRENT DRAFT PROBABLY REPRESENTS OUR  
OPTIMAL NEGOTIATING POSITION. I SUPPORT IT ON THE  
UNDERSTANDING THAT DEPARTMENT BELIEVES IT  
ADEQUATELY TAKES INTO ACCOUNT NOT ONLY REVISION OF THE  
1974 SETTLEMENT OF 1958 CLAIMS BUT ALSO POST-1958 CLAIMS

AND SURPLUS PROPERTY MATTERS.

4. AS FOR TIMING, I BELIEVE DEPARTMENT SHOULD INDEED MOVE IN SEPTEMBER TOWARD SYSTEMATIC FINAL POLISHING OF THE PROPOSAL IN ORDER TO BE READY TO DISCUSS IT WITH CZECHOSLOVAKS AT THE EARLIEST POSSIBLE DATE, UNLESS UNFOLDING DEVELOPMENTS WOULD MAKE DELAY ADVISABLE. TIMING WILL DOUBTLESS BE AFFECTED IN PART BY DISTANCING OURSELVES FROM THE AUGUST 20-21 TENTH ANNIVERSARY EVENTS. WE MUST UNDERSTAND THAT UNDER EVEN THE BEST PROJECTIONS U.S.-GOC RELATIONS WILL CONTINUE EXPERIENCING SHARP UPS AND DOWNS. THESE CHANGES, OFTEN THE RESULT OF SHIFTS IN EAST-WEST DETENTE, SHOULD NOT BE ALLOWED, HOWEVER, TO DICTATE THE PACE OF CLAIMS/GOLD NEGOTIATIONS.

5. THE TALKS ARE GOING TO BE DIFFICULT IN ANY CIRCUMSTANCES. WHILE THE MAIN OBJECTIVE AMONG CZECHOSLOVAK PARTY OFFICIALS SUPPORTING A SETTLEMENT IS ECONOMIC, THE FINAL DECISION WILL BE POLITICAL. IN THIS RESPECT WE ARE FACED WITH A DILEMMA: WE NEED A LARGE SETTLEMENT TO SATISFY CONGRESS; GOC NEEDS A SMALL SETTLEMENT TO "SAVE FACE" AMONG THEIR SOCIALIST FRIENDS WHO HAVE ALREADY REACHED A CLAIMS SETTLEMENT. HOWEVER, THERE IS ONE FACTOR IN THIS REGARD WHICH COULD HELP TOWARD A SETTLEMENT -- NAMELY, THE SOVIET DECISION FOR CZECHS TO SOLVE THIS MATTER AND GET ON WITH IT. CERTAINLY SHOULD A SALT II

CONFIDENTIAL

PAGE 03 PRAGUE 02449 081540Z

AGREEMENT MATERIALIZE, THE CLAIMS/GOLD NEGOTIATIONS CLIMATE WOULD IMPROVE.

6. FINALLY, I WOULD RECALL THAT NOT ONLY HAVE AMERICAN CLAIMANTS BEEN WAITING A LONG TIME FOR SETTLEMENT BUT ALSO THE SENATE HAS BEEN WAITING FOR US TO RENEGOTIATE SINCE 1974 AND WOULD PROBABLY WELCOME OUR PRESENTING TO PRAGUE A NEW PROPOSAL SOONER RATHER THAN LATER.  
BYRNE

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOLD  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 sep 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978PRAGUE02449  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780366-0762  
**Format:** TEL  
**From:** PRAGUE  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780988/aaaacuuu.tel  
**Line Count:** 103  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 3a381054-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION SS  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** EXDIS  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 16 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1503240  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CLAIMS/GOLD  
**TAGS:** PFOR, CZ  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/3a381054-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014